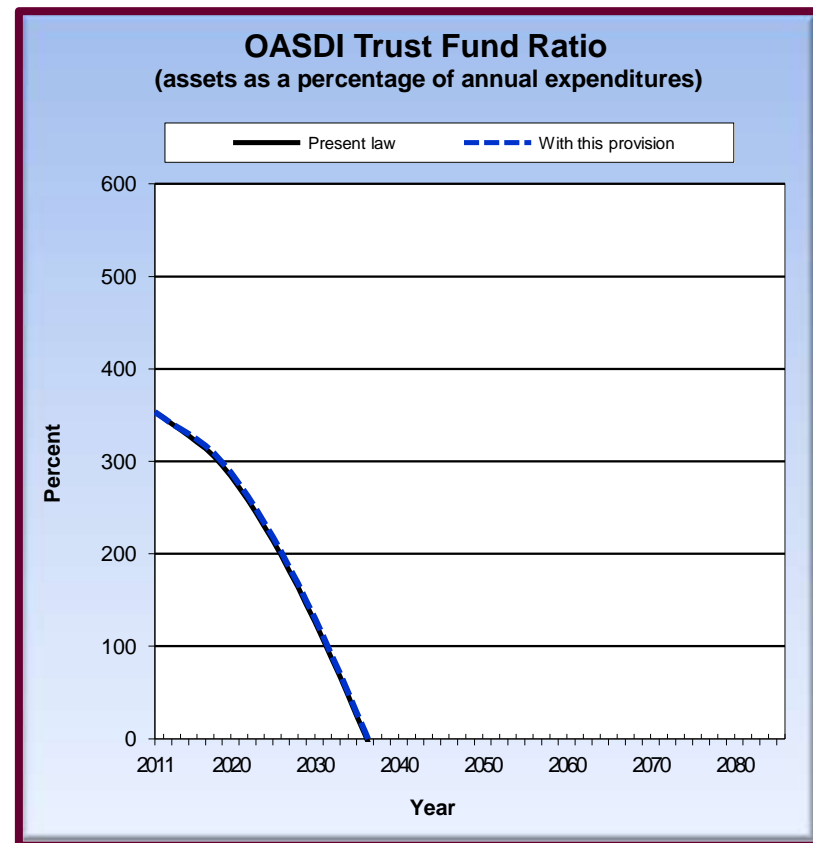
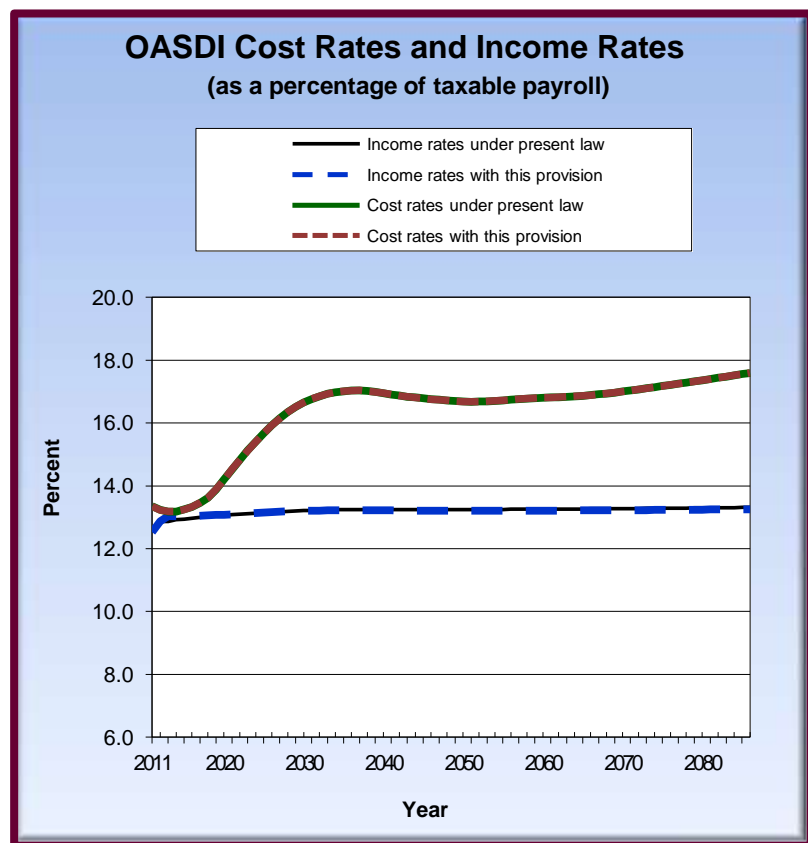


Summary Measures and Graphs

Category of Change: Taxation of Benefits

Proposed Provision: Tax Reform for Individuals: Starting in 2013, modify personal income tax by: (a) establishing two-brackets with marginal rates of 15 and 27 percent separated at \$51,000 (CPI indexed); (b) creating a non-refundable credit for low-income tax filers age 65 and older; and (c) treating capital gains as regular income. Tax all Social Security benefits at the applicable marginal rate (15 or 27 percent) less a non-refundable credit of 7.5 percent. Base revenue to OASDHI on the net marginal rates of 7.5 and 19.5 percent, with 40 percent of revenue dedicated to HI.

| Present Law | | Change From Present Law in | | Results with this provision | |
|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| Long-Range Actuarial Balance | Annual Balance in 75th Year | Long-Range Actuarial Balance | Annual Balance in 75th Year | Long-Range Actuarial Balance | Annual Balance in 75th Year |
| -1.92% | -4.24% | -0.02% | -0.06% | -2.24% | -4.30% |



Estimates based on the intermediate assumptions of the 2011 Trustees Report

Office of the Chief Actuary, Social Security
December 21, 2011